



The Role of Social Network, Social Norms and Trust Towards Board Active Participation Behavior in Cooperative Governance

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ARTICLE DETAILS

History

Revised format: Nov 2018

Available Online: Dec 2018

Keywords

Board Behaviour, Board Participation, Social Network, Social Norms, Trust.

JEL Classification:

D23, D29

ABSTRACT

Objective: The purpose of this paper is to determine the relationship between social factors i.e. Social network, social norms and trust, and its relationship with board members active participation behavior (BAPB) in cooperative governance.

Methodology: A questionnaire survey was administered to 500 board members from cooperatives throughout Peninsular Malaysia. The hypotheses path was tested by conducting coefficient regression analysis and Structural Equation Modeling (SEM)

Results: The research found a positive correlation between social network and social norms with BAPB. However, there is no relationship between trust and BAPB.

Implication: This research presents a conceptually yet empirically supported framework to describe the role of social network, social norms and trust for an in-depth understanding on board processes. The study particularly looks into the importance of social factors and its impact towards BAPB, from the perspective of social capital development. This paper gives valuable reference to administrator of cooperative organization for a formulation of a comprehensive human capital strategic plan for cooperatives.

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Recommended citation: ¹ Kadir, R.A. ² Idris, K. ³ Omar, Z. (2018). The Relationship between Emotional Intelligence and Locus of Control with Decision-Making Styles in Corporate Managers (Iran Khodro). *Journal of Business and Social Review in Emerging Economies*, 4(2) 263-280
DOI: 10.26710/jbsee.v4i2.439

1. Introduction

The board is a body established to implement governance as well as the success of the cooperative goals, vision and mission (Zeuli & Cropp, 2010). Board participation is important because boards have the obligation to create good and effective governance, thereby enhancing organizational performance (Nkundabanyanga, 2016; Nkundabanyanga, Balunywa, Taurigana, & Ntayi, 2014; Ogbeghe, 2012). Despite the role of the active board, free-riding boards also exist in cooperative governance (Birchall & Simmons, 2004a; Chloupkova, Svendsen, & Svendsen, 2003; Deng & Hendrikse, 2013; Hooper, Kaplan, & Boone, 2010; Morfi, Ollila, Nilsson, Feng, & Karantininis, 2015). Free riders are described as non-

functioning, inactive or less-active board members (Adams, Hermalin & Weisbach, 2010; Minichilli, Zattoni, Nielsen, & Huse, 2012; Shropshire & Kadlec, 2012). Hence, the presence of free riding is detrimental and can weaken the cooperatives (Yamori, Harimaya, & Tomimura, 2016). It also causes cooperatives management to be more powerful and independent when board members are irresponsible (Bijman, Hendrikse, & Oijen, 2013). With the board's abandonment of management authority, the direction of the cooperatives may also deviate from the original purpose of prioritizing the needs of the members (Bijman et al., 2013; Liang, Huang, Lu, & Wang, 2015). Hence, further research on the board's active participation behaviour (BAPB) among board members in cooperatives governance, need to be implemented to understand board processes (Huse, Hoskisson, Zattoni, & Viganò, 2011).

Accordingly, this study looks at the importance of the BAPB, from the perspective of social capital development. By looking at the previous research, the concepts and operations of the social networks, social norms and trust are also discussed. The relationship between the study variables is explained using Social Exchange Theory (SET). Furthermore, the methodology is also explained followed by the results of the analysis and discussion of research findings. Conclusions and suggestions are also presented at the end of this paper.

2. The Cooperative Governance and Board Participation

To understand the importance of the BAPB as well as the board function in cooperative governance, it is important for us to understand cooperatives governance and the role of board members in governing the cooperatives. Governance refers to corporate responsibility, which is a structured process implemented by cooperatives, through a board to carry out its role in managing the interests of cooperatives members (Md. Salleh, Arshad, Shaarani, & Kasmuri, 2008). Good governance involves the formation of good organizational structures and well-organized work procedures. In addition, board members play their respective roles as required by the cooperatives and an orderly system of internal control, to ensure compliance of the cooperatives legislation.

The Annual General Meeting (AGM) held annually by the cooperatives is a platform for its members to evaluate, discuss and approve the board's annual report and the audited financial statements. This means that all members have the right to speak, and decision making on the policy strategy is based on the majority vote. Unlike private companies, cooperatives members only have one vote regardless of their shareholding. In other words, members' shares do not give them the dominant power (Md Salleh et al., 2008). Figure 1 shows the control hierarchy in cooperatives governance. Based on the figure, it can be seen that the highest power in the cooperatives is a member, through a general meeting. The Board must ensure that the implementation of the management's duties and responsibilities is in line with the decision of the general meeting.

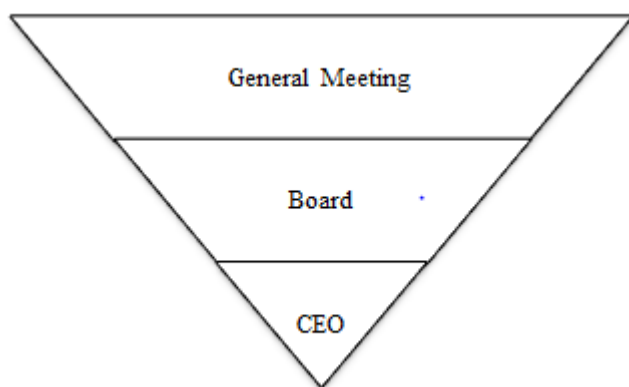


Figure 1: Control Hierarchy in Cooperative Governance
Source : Zeuli & Cropp (2010)

2.1 Understanding Board Active Participation Behaviour (BAPB)

Previous researches highlight various terms and definitions used in several studies with different contexts and scope. There are, however, some similar definitions or characteristics of participation behavior as basis of understanding the BAPB. According to Gordon, Philpot, Burt, Thompson, & Spiller (1980) which conducts studies on active participation of activists in trade unions, active participation behavior refers to the active involvement of members in organized activities. This includes attending general meetings, voting and administering the duties of union committees. In the study of the behavior of the board administering organizational governance, BAPB is characterized by the board (members) taking the necessary time in carrying out the necessary roles, namely attending meetings regularly, actively gathering information, participating actively in discussions, expressing opinions, examining the information provided by the management and acting carefully in making an analysis or evaluation before giving their views (Babic, Nikolic, & Eric, 2011; Forbes & Milliken, 1999). Active board members will always conduct an initial study of the information given to them (Forbes & Milliken, 1999). Furthermore, Nadler (2004) has added that the board needs to have a willingness attitude to ask and challenge an idea to generate a better or constructive idea. In fact, the board must always ask other members, prepare and research before the meeting, and make cautious judgment on their decision.

Petrovic (2010) outlines seven key behaviors to illustrate the BAPB. This includes conducting questioning and challenging issues, sharing thoughts of the same mission and vision, giving constructive ideas and solutions to problems, taking careful consideration of decisions, spending time on increasing knowledge and gathering information, and always showing initiatives for information to contribute to the right decision. Ong & Wan (2008), illustrates the BAPB as a business conduct in the role of taking the right time to carry out the task and gathering the right information to enable it to perform the task better. At the same time, the board is always open to voicing ideas or debating issues in the context of healthy conflicts. In a review of the effectiveness of the board's decision-making process, Garnes and Mathisen (2014) outlined some of the quality of the board's behaviour, such as reviewing the meeting documents, actively evaluating organizational issues, taking notes during meetings and actively participating in meetings whereas Gnan et. al (2015) in their review of the board of directors in the public sector, defines the behavior of board member participation as accepting or rejecting proposals (making decisions), negotiating with other institutions to enable idea generation, raising issues, questioning, advising and encouraging, expressing the idea of developing strategies for implementation, reviewing and monitoring performance reports and refining strategy content.

A review of the members active participation in cooperative governance as reported by Barraud-Didier, Heninger and Akremi (2012), outlines active participation behavior as being present at the general meeting, scrutinizing and reading annual reports and throwing votes to decide on cooperative policy. While Verhees Sergaki and Van (2015) describe active participation of members in the cooperative as meeting themselves, communicating views or criticisms on cooperative governance during meetings, and engaging in decision-making. However, these studies focus only on the participation of regular members attending the annual general meeting of the cooperative. This is different from the role played by cooperative board members who need to attend cooperative board meetings every three months and are directly involved in administering cooperative transactions in day-to-day operations and management (Cooperative College of Malaysia, 2010).

The study of board process lists some of the characteristics of BAPB, including the ability to contribute to board discussions, board monitoring, and interacting in advising (Carpenter & Westphal, 2001). In addition, in the review of corporate board institutions, the characteristics of the BAPB are categorized into functional and non-functioning board members (Gabrielsson, Huse, & Minichilli, 2007; Minichilli, Gabrielsson, & Huse, 2007; Tacheva & Huse, 2006; Van Ees, Gabrielsson, & Huse, 2009). These studies suggest that members of the board should be capable to handle conflicts of thought (Forbes & Milliken, 1999; Wan & Ong, 2005) through arguing and convincing others based on high levels of credibility, can reach agreement on resolving issues and promoting teamwork (Babic, Nikolic, & Eric, 2011). Unlike

members of the non-functioning board, board members contributions goes beyond critisizing and questioning, but have policy and action implications on the cooperative management and activities. On the contrary, opinions of non-functioning board members rarely have positive impact on the board (Babic et al., 2011). The point here is that the behavior shown is characterized by the use of science and skills and not empty or baseless views. By using knowledge and skills on strategies, board members will be able to examine, clarify or resolve issues well and these behaviour will impact the board's performance (Forbes & Milliken, 1999; Huse, Hoskisson, Zattoni, & Viganò, 2011; Minichilli, Zattoni, Nielsen, & Huse, 2012; Wan & Ong, 2005). Based on the concepts discussed, the operationalization of BAPB in this study include attendance and participation in meetings, communication efficiencies in addressing conflicts of thought and involvement in decision making.

2.2 Explaining BAPB through Social Exchange Theory

One of the theories that illustrates behavior in a collective group is the Social Exchange Theory (SET). SET interprets behavior in a community group. It is a series of interactions between individuals based on the assumption of reward or punishment in the group (Crossman, 2017). According to this theory individual behavior is determined by the reward or punishment as a countervail of acts or behaviors, so that the individual can be accepted by others (Ekeh, 1974).

According to Jussila (2012), SET was originally developed by Georhe Homans in economics and psychology, who wrote about it in an essay titled "Social Behavior as Exchange." Blau (1964) and Emerson (2017) have further developed this theory. The original formula of this theory is that someone will rationally maximize their profits by satisfying others. Social exchanges work in the norms of a group where one wants to get results in the form of social credit rather than liability. In collective groups such as cooperatives, SET can predict members' behavior and predict how far the social identity of the group members is important and becomes the source of exchange (Jussila, 2012). What is clear from the SET perspective is that individuals have diverse motives to engage in social exchange (Cropanzano & Mitchell, 2005; Ekeh, 1974). There are different motives from individualistic to collectivistic and, therefore, linked to the expectations of individual or collective value results (Flynn, 2005; Molm, 1994). The most common values are calculated as the difference between the rewards and the exchange costs. From the value of an individual, for example, the results can be enjoyed and exchanged between individuals. Collective value is a result that benefits the whole collective and / or mutual benefits. Expectations on outcomes play an important role in individual decisions to enter or leave exchange relationships (Flynn, 2005). Therefore, in the context of cooperatives, individuals seeking individual profits alone will not enter or stay in a collective partnership that only expects collective results. On the contrary, those, who seek collective rewards, will not be motivated by the expectation of individual outcomes of co-operation. This is also discussed by Jussila (1992) when he linked participation in cooperative governance in the context of SET. In fact, in SET, a cooperative expert will behave or act as liked and accepted by other members, by expressing active participation behavior (Phipps, Prieto, & Ndinguri, 2013).

2.3 Antecedent of BAPB

Previous studies report that human capital factors play an important role in determining the quality of board member participation (Brown et al., 2012; Cabrera-fernandez & Martinez-jimenez, 2016; Gnan et al., 2015; Khanna et al., 2013; Molleman & Ees, 2015). The factors of human capital are the knowledge and skills of board members measured based on education level and experience as board members (Babic et al., 2011; Gnan et al., 2015; Withers, Hillman, & Cannella, 2012). With human capital, the board will be able to carry out its role effectively and directly improve the organizational performance (Nkundabanyanga, Ahiauzu, Sejjaaka, & Ntayi, 2013; Nkundabanyanga, Balunywa, Tauringana, & Ntayi, 2014; Sur, 2014; Walt, Ingley, Shergill, & Townsend, 2006). However, in addition to human capital factors, social factors also play a role in determining behavior (Bandura, 1986; Molleman & Ees, 2015). In fact, a study on the corporate sector found that social factors contributed to the social capital and increase the quality of board participation (Heemskerk, Heemskerk, & Wats, 2015; Sur, 2014).

According to Khanna et al. (2013), studies on board behavior will enable us to understand the board's processes especially in the context of human capital development. Further studies see that the behavior of the board during its role is influenced by many factors, including personal factors and environmental factors (Krishnan et al., 2016). Krishnan et al. (2016) find that the behavior of the board or their actions in carrying out functions and roles is dependent on cognitive abilities. The board thinking is influenced by environmental factors and will result in positive behavior or better performance (Bandura, 1988, 1999; Dweck & Leggett, 1988). Another study also found that the influence of socialization has an effect on cooperative performance (Deng & Hendrikse, 2013). Trust among members makes them believe that no one will neglect the responsibility and consequently affect the reputation of the cooperative community while weak social capital can lead to "free-riding" behavior. Without strong social capital, especially trust among members, cooperatives are impossible to set up, what more to achieve collective goals (Nilson, Svendsen, & Svendsen, 2012; Kadir, Idris & Omar, 2016).

Based on the literature above, it can be concluded that social factors are very important in determining the success of the cooperative. It enhances the quality of member participation and can be expected to improve the BAPB in administering the cooperative. This study examines the influence of social networks, social norms and trust towards BAPB. The same factor has been used in the study of cooperatives to see the effect of factors on member participation, cooperative performance and quality of products (Deng & Hendrikse, 2013; Hatak, Lang, & Roessl, 2015; Liang, Huang, Lu, & Wang, 2015).

2.2.1 Social Network

Social networks connect people in the community through informal networks and formal networks. This network includes groups in neighbourhoods, private associations, civic associations or alliances, and services related to public or private network policies and profit-oriented organization (Oh et al., 2014; Putnam, 1995). Social networks provide mediums for channelling information and resource exchanges. Members will gain access to the resources of other members. Through this interaction they form the same goals and norms and thus lead to shared goals and norms throughout the network (Tsai & Ghoshal, 1998). Additionally, the relationship between personnel in and out of dynamic organizations simplifies the social, physical and information transfer (Tsai & Ghoshal, 1998)

According to Westphal, Boivie, Chng, and Han (2006) internal relationships mean informal interaction or friendship among board members in an organization. They often communicate and meet, to chat, exchange information and get advice from each other. Power et al. (2012) outlines the characteristics of social networks in cooperative movements, which include establishing networks with other cooperatives, individuals, businesses and government agencies for a particular purpose, which goes beyond the core business of the cooperative. It is a complex network and can highlight the character of various stakeholders. Based on the concept of social networking described by earlier researchers, the social network operation in this study will refer to formal and informal relationships among cooperative board members and with stakeholders namely cooperative members, customers, suppliers, cooperative managers, and government officials and politicians (Chiu, Hsu, & Wang, 2006; Liang et al., 2015; Ruben & Heras, 2012).

Past studies report the relationship between the quality of participation of board members in the role of social networking (Harris & Helfat, 2007; Kim & Cannella, 2008; Stevenson & Radin, 2009). With the ability to access information and good relationships with outsiders, the collective decision-making process will be facilitated and even form a member's commitment (Ruben & Heras, 2012). Previous studies have found that boards with good social networks will contribute to their role in strategic decisions. This is because they are capable of scanning the internal and external operating environment of the organization, and identifying opportunities and threats. Moreover, the board can rely on external sources of support in the form of social networks that are business acquaintances (Brown, 2010; Harris & Helfat, 2007; Westphal & Zajac, 2013). Even through social networks, the board can obtain information based on their

experience and expertise on specific issues - for example, in relation to the challenges faced by the cooperative. As such, the board may seek advice before considering a decision to take (Nkundabanyanga et al., 2014; Stevenson & Radin, 2003, 2009).

The cooperative organization is a business association and is different from private organizations or non-profit organizations. Thus, the influence of social environment among the board is also based on the characteristics and uniqueness of the organization itself (Mustakallio et al., 2002). Previous studies have mostly touched on aspects of social networking and their relationship to decision-making processes, but not touched on the details of the behaviours highlighted in decision making, namely the BAPB in cooperative governance. This study will look at the same social networking factors that can contribute to BAPB. Accordingly, this study defines the following hypotheses:

H1: There is a positive and significant relationship between social networks and the BAPB

2.2.2 Social Norms

Most literature defines social norms as a statement of the actions deemed correct or wrong, reasonable or inappropriate by a group of individuals (Coleman, 1988; Keefer & Knack, 1998; Liang, Huang, & Wang, 2004; Woolcock, 1998). It is a rule that establishes the social relations structure in a group to describe an action that is acceptable or unacceptable (Liang et al., 2015). Norms contain values, attitudes, trust and ideologies that exist in individual perceptions and influence them towards collective action (Ruben & Heras, 2012).

Social norms in cooperative organizations is about the key values and principle of the society which are held by members toward direction and goals to achieve their common needs. These are the main objectives of establishing cooperatives (Deng & Hendrikse, 2013; Kasabov, 2015; Liang et al., 2015). The absence of clear partnership goals and integrity of the cooperative principles among the board members, is the cause of governance failure (Kasabov, 2015). In fact, sharing of vision is a social norm often associated with the success of business governance (Mustakallio, Autio, & Zahra, 2002). The social norms of cooperative members also refer to the same understanding of collective orientation and cooperative missions (Liang et al., 2015). Hence, the social norms in the cooperative can be defined as a visionary partnership: mutual understanding, values, expectations, and goals that are believed by, and carried out together by a group of members.

Liang, Huang, Lu, and Wang (2015) found that there was a positive relationship between the high levels of social norms and the active participation of members in governance. His study examined the concept of social norms in the context of co-vision and mission partnership sharing as cognitive dimensions among cooperative members. Another study found that the positive relationship between social norms and collective behaviors was also found in voluntary organizations (NGOs) (Fisher & Ackerman, 1998) and small businesses or SMEs (Mustakallio et al., 2002). Therefore, this study will see whether the social norms have significant relationships with BAPB. Ruben and Heras (2012) carried out studies that examine the relationship of social norms (collective vision and collective missions) members with active participation in economic activities, general meetings, training programs and productivity. The study did not address the aspect of participation in cooperative governance.

Most studies on board characters and participation in governance only see social network factors as the environmental factors affecting the board, but this study suggests that social norms too play an important role towards BAPB. Social norms are a dimension of thinking where cooperative members understand and practice the cooperative principles and values to achieve their vision as a collective organization. While no specific study focuses on social norms associated with board behavior, some general studies have, however, shown significant relationships among social norms shared by business people with sustainable behavior in business (Danchev, 2013). There is even a suggestion for future research to see the social norms of the group in order to give a more in-depth picture of their impact on board members and

board performance (Brown et al., 2012). Furthermore, this study will see the influence of social norms on the conduct of active participation, in institutions administering cooperative transactions. Accordingly, the following hypotheses are set:

H2: There is a positive and significant relationship between social norms and BAPB.

2.2.3 Trust

Yamagishi and Misumi (1994) define trust as perceptions of performance expectations or technical competencies of experts involved with social relations and systems. In addition, trust is also a perception that the other party is trustworthy and has the ability to carry out their role (George, George, & Kulandaiswamy, 2013; McAllister, 1995). Trust also refers to the feeling of being confident that others will do something as expected and will always act in a pattern of mutual support (Holm & Nystedt, 2010). Trust is also a feeling that embraces the expectations of honesty and cooperative behavior emerging within a community based on the norms held by the community (Fukuyama, 2002), thus leading to collective behavior (Holm & Nystedt, 2010). Based on this definition, it is clear that with trust, humans will be able to take risks in social relationships including collaboration (Dickson, 1996).

Trust also includes the expectation that partners in the interaction will implement rules / legislation and responsibilities and place others' interests before themselves (Lewicki & Bunker, 1996; Mcallister, Lewicki, & Chaturvedi, 2006). With confidence, one will be convinced that others will act for mutual benefit (Glanville, Paxton, & Wang, 2015; Neilson & Paxton, 2010). Trust is also a perception in a person based on the trust on one another, and is persisting or persistent behind uncertainty, risk, and opportunity (Kasabov, 2015; Liang et al., 2015). If two people, or a group of believers rely on each other, mutual cooperation can be facilitated in productive and beneficial activities of the parties (Nilson et al., 2012). Instead, it will be easier for them to accept each other's weaknesses and continue to co-operate in cases of small or large conflicts (Kasabov, 2015). Trust is a social factor found to reinforce the community, realize its goals, and ensure a resilient group (Coleman, 1988; Gijssels & Bussels, 2014). Studies have shown that trust has a positive and significant relationship with co-operation in cooperatives organization (Ostrom, 2014). According to Ostrom (2014), people with high trust are more easily involved in collective action. They are even ready to take risks, as well as work harder and better in teams than people who have less faith in the members.

In the context of this study, the confidence factor will be examined in terms of whether it can determine the BAPB managing the cooperative's business. This is because when a member holds high trust in other members of his group, the more likely they are to carry out their responsibilities with trust. Studies show that interpersonal relationships between members have an important influence on decision making in cooperatives. Better and smooth relationships will save the cost of coordination and collective decision making. The higher the trust of members, the lower the transaction costs in the cooperative and this leads to a better economic performance (Liang et al., 2015). In fact, the study also shows that high levels of confidence will increase commitment in the role (Barraud-Didier et al., 2012; Smith, 2009; Xiao, Zheng, Pan, & Xie, 2010; Yamagishi & Misumi, 1994). Moreover, in the study of social instability governance, trust is one of the main factors seen as a source in the collective movement that needs to be stimulated and maintained through formal institutional governance (Brunie, 2009; Woolcock & Narayan, 2000). In the context of cooperatives, trust is regarded as a capital that requires institutional and governance support (Auer, 2014; Ostrom, 2014; Ostrom & Ahn, 2001), when the structure of cooperative governance, becomes a resource-gathering place (Williamson, 1996), trust is then the basis of relationships in cooperatives (Enjolras, 2009; Sabatini, Modena, & Tortia, 2014; Spear, 2000).

Additionally, studies on behavior related to trust in the organization have emphasized the benefits of establishing commitments and consequently higher performance (Bloemer, Pluymaekers, & Odekerken, 2013; Dirks & Ferrin, 2002; Lin & Huang, 2012; Nyhan, 1999). It can therefore be concluded that trust is a starting point that explains the behavior of members' participation in cooperatives (Barraud-Didier et al., 2012; Deng & Hendrikse, 2013; Liang et al., 2015). Accordingly, this study defines the following

hypotheses:

H3: There is a positive and significant relationship between trust and BAPB.

3. Methodology

This study aims to explain the phenomenon of BAPB in cooperative governance by determining its relationship with social factors i.e. social networks, social norms and trust. The research framework for this study is illustrated in Figure 2.

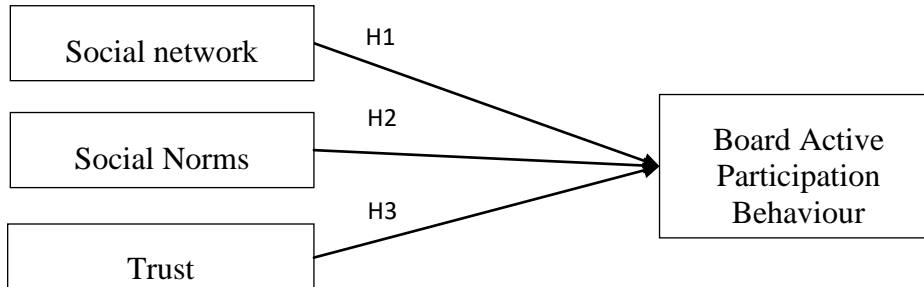


Figure 2: Research Framework

3.1 Population and Sampling

The target group as respondents in this study was board members of the cooperative society. The sample size is determined using the statistical calculator from the software of raosoft.com website. The minimum number of samples provided by the calculator is 383. The sample size 383 meets the recommendations of many researchers that the requirement to carry out Structural Equation Modeling (SEM) analysis is between 250 and 500 sample (Mooney, Olsen, & Rubin, 2012; Schumacker & Lomax, 2004). Hair, Anderson, Babin, and Black (2010) suggest that the sample size for SEM analysis should be between 100 and 500. For data collection purpose, the number of 383 has been increased by 30% to ensure the minimum number of samples needed can be collected and analyzed in case of unreturned questionnaires or questionnaires not fully answered. (Bartlett, Kotrlik, & Higgins, 2001; Naing, Winn, & Rusli, 2006). With a 30% increase from 383 minimum samples, the sample size of the sample in this study is 500.

Based on statistics reports, in 2016, the total number of board member population from active cooperative across Peninsular Malaysia amounted to 88,890 people. Due to the big population, the selection process is done by multiple random selection process. This is to ensure the serial population and strata, according to zones and states is carried out as it is more organized. This simple random selection process is made using the Research Randomizer software from website www.randomizer.org. The software will process the list of cooperatives that have been digitized by displaying the results at random according to the desired amount. As a result, 500 samples were obtained from 168 cooperatives throughout Peninsular Malaysia (42 cooperatives per zone and 3 respondents representing each of the selected cooperatives).

3.2 Research Instrument

The instruments were adopted and adapted from previous researches to achieve the objectives of this study. These instruments have been tested on their validity and reliability with Alpha values .05. The respondents were required to rate their perceptions based on the 7-point Likert's scale ranging from 1 (strongly disagree) and 5 (strongly agree). The questionnaire items are shown in Table 1.

Table 1: Research Instrument

Section	Variable	Number Items	Sources
A	Demographic	7	n/a
B	Active Participation Behaviors	8	Forbes & Milliken (1999); Wan & Ong (2005); Barraud-Didier et al. (2012); Cechin, Bijman, Pascussi, et al. (2013);

C	Social Network	5	Chiu et al., (2006); Liang et al. (2015)
D	Social Norms	4	Liang et al. (2015); Mustakallio et al. (2002)
E	Trust	4	Yamagishi & Misumi (1994)

4. Findings and Discussion

Of the 500 questionnaires distributed to board members, 404 were received with complete answers. Using the SEM Amos software, the results from the regression analysis is shown in Table 2.

Hypothesis Path	Path estimates (β)	p	Result
Social Network \rightarrow BAPB	.220	.000	H1 supported
Social Norms \rightarrow BAPB	.160	.000	H2 supported
Trust \rightarrow BAPB	-.041	.230	H3 rejected

Notes; BAPB: Board Active Participation Behavior; β : Beta Value; p: Significant level set at 0.05

4.1 Social Network and BAPB

The results of the analysis found that there was a positive and significant relationship between social network factors and BAPB ($\beta = .220$, $p = .000$). This decision also shows that each increase of 1 standard deviation unit of social network factor directly increases 0.220 standard deviation for active participation behavior. The findings of this study have accepted the hypothesis 1 that there is a positive and significant relationship between the social network and BAPB. This study supports previous studies that there is a positive relationship between social networks and active participation (Liang et al., 2015; Ruben & Heras, 2012). In the context of corporate governance, this study also supports past studies, where there is a positive influence between social networks and the active participation of the board (Harris & Helfat, 2007; Huggins, 2010). Social networks provide information gaps that allow board members to contribute to corporate strategic planning ideas (Zhu, Wang, & Bart, 2014). It turns out that social networks are important in affecting board behavior as suggested by Carpenter & Westphal (2001). Additionally, social networks provide a professional experience that is equitable to board members to serve (Stuart & Yim, 2010). This means that cooperative organizations should also look at the importance of social networks as an important equity of a board that enable them to carry out their roles actively.

Hence, it is concluded that identifying many stakeholders and board members with extensive social networks can be advantageous for the co-operatives. It enhances the quality of participation of board members for gaining access to information and enables the contribution of more ideas to the board. In addition, with a wide network of relationships, the board can assist in business dealings through professional relationships and gain more customers and expertise. This will indirectly improve the effectiveness and performance of cooperative governance.

4.2 Social Norms and BAPB

The results of the analysis found that there was a positive and significant relationship between the social norms and BAPB ($\beta = .160$, $p = .000$). This result also shows that the increase of every 1 standard deviation unit of social norm directly increases 0.160 standard deviation for BAPB. The results of the study have accepted hypothesis 2 that there is a positive and significant relationship between social norms and active participation behavior. This concurs with Ostrom (2014) that the sharing of social norms will facilitate community members' efforts in collective groups. Hence, this study has shown that when members of the board share the same social norms in determining the mission, vision and co-ordination of cooperation, their behavior in governing the cooperative is affected. It also supported the previous study that there was a positive association between the high levels of social norms and the active participation of members in governance (Liang, Huang, Lu, and Wang, 2015).

The shared social norms facilitate action to achieve the desired outcome, and consequently affect the performance of the cooperative. In fact, studies by Ruben and Heras (2012) show that more successful

cooperatives have a high social collective partnership. This finding adds value to the previous study of the cooperative movements that social norms contribute towards BAPB. Social norms are a dimension of thinking where cooperative members understand and practice the cooperative principles and common goals. By sharing social norms, the board in governance team will produce good and effective results, which will directly contribute to the success of cooperatives in the future. This study also contributes to new findings because the context of social norms is seen among members of the cooperative board as well as its relation to the behavior of participation in governance. Previous studies have found that social norms are a significant factor affecting collective behavior in voluntary organizations (Fisher & Ackerman, 1998), as well as small business entities (Mustakallio et al., 2002). The findings of this study prove the impact of social norms on decision making processes, board member practices and board performance as suggested by Brown et al. (2012).

4.3 Trust and BAPB

This study rejected hypothesis 3 which found that there was no positive and significant relationship between the trust factor and the BAPB ($\beta = -.041$, $p = .23$). In previous studies, scholars have argued that one of the factors that can shape the behavior of collective participation is trust (Fukuyama, n., 2006; Newton, 2001; Ostrom, 2014; Rousseau, Sitkin, Burt, & Camerer, 1998). However, the findings of this study is contradictory, perhaps due to the context of this research, BAPB was not explained by trust factor. This finding is contrary to the study conducted on cooperatives involving ordinary members (Deng & Hendrikse, 2013; Paldam & Svendsen, 2000). However, the finding is likely in line with Barraud-Didier et al. (2012) reported that the relationship of trust and active participation of cooperative members became inversely related as if they did not trust the management. On the contrary, if the trust exists, they are not active in governance activities (attending general meetings) and hand over the entire governance arrangement to the management. Therefore, based on the finding of this study, it is also possible to make assumptions when members of the board trust other members; they assign such responsibilities to other members deemed to be responsible.

The findings of this study are also likely to lead to different decisions because the context of the study focuses on behavior of the board members. Members of the board join the cooperative because they trust and feel confident of the organization (Liang et al., 2015; Ruben & Heras, 2012). However, the position as a board member is by appointment through the general meeting. So, the results of this study conclude that when elected as a member of the governing board of cooperatives, trust is not a factor affecting the behavior of active participation. On the other hand, there are other factors that play a role in determining the BAPB in the cooperative governance. Even trust was not shown to be associated with BAPD in these studies; researchers still agree with previous studies, that trust is an important element in controlling free riders in cooperatives. It is apparently a basic requirement for maintaining the loyalty of members with cooperatives. However, this trust factor may only apply for memberships in the cooperative and participation in economic activity (Liang et al., 2015; Ruben & Heras, 2012).

5. Conclusion and Recommendation

Social networks and social norms are important factors that influence BAPB. A good and conducive social network should be created so that information can be shared and disseminated through formal or informal programs for cooperatives. Studies show that social networking is one of the information gates and it is a valuable asset for a board member to contribute successfully to the organization (Brown, 2007, 2010; Harris & Helfat, 2007; Westphal & Zajac, 2013). Formal and informal platform for interaction should be formulated in the strategic planning of cooperative development. This agenda should be implemented under smart partnership or collaborative program by stakeholders such as the Cooperative Commission of Malaysia, National Cooperative Alliance and international bodies such as International Cooperative Alliance (ICA). The program will be able to establish effective relationships within the cooperative itself, in the movement (between cooperatives) and in policy making processes. It is also indispensable for the provision of efficiency of cooperative services (Oh et al., 2014). At the same time, the social norms of members need to be embedded through training programs to facilitate joint efforts in

collective groups (Ostrom, 2014). Hence, the formation of social norms should be emphasized as it relates to the understanding of the philosophy, values, principles, laws and shared interests that are preserved, to ensure the co-operation of the cooperative is always on the right track. It is also to ensure that the management can be controlled and supervised to implement the vision and mission of the cooperative. Although professional management has been appointed, and management tasks carried out, it does not mean that the board can be passive and behave like a free rider (Liang et al., 2015). This study also found that trust did not directly influence the behavior of active participation. However, in future studies, the trust factor can still be adopted and adapted as one of the environmental factors to see its relation to the behavior of active participation in different studies. Among others, it can be used to see the behavior of active participation of teachers in administration as well as university student participation in volunteer association and community service activities. Researchers also propose future research to explore other variable to understand more about board behavior and board processes.

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